

# MEMBER'S INITIAL ASSESSMENT

Row #	<b>Financial Assessment</b>	<b>Income, PSS &amp; MRF Example</b>	<b>Member's Info</b>
1.	<b><u>INCOME</u></b>		
2.	Number of adults earning income who will reside in your future household.	2 adult incomes	
3.	Individual Monthly Gross Incomes – W-2 Hourly Example: \$15 per hour times 40 hours per week, times 52 weeks for annual income, divide by 12 for gross monthly income.	1. $\$15\text{hr} \times 40\text{hrs} \times 52\text{wks} \div 12 = \$2,600$  2. $\$36,000 \div 12 = \$3,000$	
4.	Monthly Gross Income – W-2 Household Salaries	$\$2,600 + \$3,000 = 5,600$	
5.	Monthly Gross Income – W-2 Household Commission	\$0	
6.	Monthly Gross Income – Self-employed Income	\$0	
7.	<b>Total Gross Monthly Income:</b>	<b>\$5,600</b> (Income)	
8.	<b><u>DEBTS</u></b> (car payments, student loans, credit card minimum payments, etc.) <b>Total Monthly Debts:</b>	<b>\$500</b> (Debts)	
9.	<b><u>MAXIMUM AFFORDABLE PAYMENT</u></b>		
10.	Current Rent	\$1,200	
11.	Housing Ratio: Multiply total gross monthly income (Row 7) by 31% (31% of your gross monthly income is the maximum that can go toward your mortgage payment)	$\$5,600 \times .31 = \$1,736$	
12.	Debt Ratio: Multiply your gross monthly income (Row 7) by 40%, and subtract your monthly debts (Row 8) (40% of your gross monthly income minus all monthly debt obligations is your maximum payment)	$\$5,600 \times .40 - \$500 = \$1,740$	
13.	<b>Maximum Affordable Payment:</b> Take the lowest of: Rent (Row 10), Housing Ratio (Row 11), or Debt Ratio (Row 12). This is your maximum affordable mortgage payment covering PITI	\$1,200 (PITI)	
14.	<b>Maximum Affordable Payment Increase:</b>		
15.	<b><u>Payment Shock Savings:</u></b> Deduct current rent (Row 10) from the lower of the Housing Ratio (row 11) or Debt Ratio (row 12) to determine your PSS amount (PSS). You need to save this amount as if you were already making the higher mortgage payment to demonstrate your ability and willingness to afford the higher mortgage payment. The PSS is not necessary if you want a mortgage payment not exceeding your affordable current rent, unless you are paying your rent and other expenses with increased debts or reduced your savings.	$\$1,736 - \$1,200 = \$536$ (PITI Increase)	
16.	<b><u>MAXIMUM LOAN AMOUNT</u></b>		
17.	<b><u>Monthly Homeowner's Insurance (HOI):</u></b>	\$50	

	This estimated amount will likely be greater depending on the value of the property, type of structure, insurance company and other factors.		
18.	<p><b>Monthly Real Estate taxes:</b> The calculation is: purchase price x tax rate ÷ 12. The rate varies per area as it is determined by the tax assessor for each county. Typically, they are about 1% to 4% of the value of the property. Your counselor can assist with the rate in your area.</p>	\$200	
19.	<p><b>Principal &amp; Interest Payment:</b> Deduct the estimated homeowner's insurance (Row 17) and the estimated monthly real estate taxes (Row 18) from your Maximum Affordable Payment (Row 13). This will be the amount left to cover principle and interest of your loan.</p>	<p>\$1,200 – PITI -\$50 (Insurance) -\$200 (RE Taxes) <hr/><b>\$950 P&amp;I Payment</b></p>	
20.	<p><b>Maximum Loan Amount:</b> Using mortgage tables below and in the workbook (30 or 15 year-term table) take the Principal &amp; Interest Payment (Row 19) and find the column for today's rate or the closest to today's rate (available at <a href="http://naca.com">naca.com</a>) and find the monthly payment closest to your affordable payment. The column on the far left under Mortgage Amount will indicate the loan amount based on your affordable monthly payment.</p> <p>You can increase your maximum loan amount by using your savings and/or government assistance to reduce your principal or permanently buy-down the interest rate. Using the NACA Buy-Down each discount point (i.e. one percent of the mortgage amount) permanently reduces the interest rate by one-sixth from the already below market rate. Thus, the formula is: Number of points x 0.167% = percent rate reduction from starting rate.</p>	<p><b>\$211,560</b> (3.5% - 30-yr) (Mort. Amount)</p>	
21.	<b>MINIMUM REQUIRED FUNDS (MRF)</b>		
22.	<p><b>Current Funds:</b> Amount of funds in all your accounts combined checking, savings, and cash at home (any cash kept at home must be deposited into your bank account as soon as possible). You will need to have a minimum of \$2,500 to be NACA Qualified to cover the out of pocket cost for: earnest money deposit (credited at closing); home inspection; and prepayment for home owner's insurance, real estate taxes, and mortgage interest for the month you move in. You will also need a reserve of 1 to 3 months of mortgage payments for single units and up to 6 months for multi-unit.</p>	\$3,000	
23.	<b>Property Inspection:</b>	\$500	

	Funds allocated to pay a licensed inspector to assess the structure, safety and health condition of the property. The cost varies per inspection and per region costing approximately \$500 or more depending on the property type. It will likely be more for a multi-family and a possible reinspection		
24.	<b>Pre-paid Homeowners Insurance:</b> 12 months of Homeowner's Insurance that must be paid in advance at closing plus 3 months to open the escrow account for a total of 15 months prepaid.	15 months x \$50 = \$750	
25.	<b>Pre-paid Real Estate Taxes:</b> You will pay about 3 to 6 months of real estate taxes which will depend on your region and the month you close	\$200 x 3 = \$600	
26.	<b>Pre-paid Mortgage Interest:</b> You will not pay a mortgage payment the first month when you move in, but you will be required to pay the interest rate from the date you close to the end of that month. Calculation: Loan Amount x multiply by current interest rate ÷ 365 (days in the calendar year for the daily rate) x number of days from the estimated closing date to the end of the month.	\$211,560 x .0350 ÷ 365 Days x 15 days = \$304	
27.	<b>MRF - Reserves:</b> You must save one to six months PITI for reserve funds to be available after you close based on the following criteria: <ul style="list-style-type: none"> <li>• One-month reserve if PSS less than \$300;</li> <li>• Two-months reserve if PSS is greater than \$300;</li> <li>• Three months reserves self-employment income;</li> <li>• Four months reserves if two-family property;</li> <li>• Five months reserves if a three-family property;</li> <li>• Six months reserves if a four-family or mixed-use property.</li> </ul>	\$1,200 - One month of PITI	
28.	<b>Minimum Required Funds:</b> Add together Property Inspection (Row 23) + Pre-Paid Homeowners Insurance (Row 24) + Pre-Paid Real Estate Taxes (Row 25) + Pre-Paid Interest (Row 26) + Reserves (Row 27) to determine the Minimum Required Funds. The MRF could be higher if there is a HOA fee required at closing	\$500 Inspection + \$750 HOA + \$600 RE + \$304 Interest + \$1,200 Reserves <hr/> \$3,354 (MRF)	
29.	<b>MRF Additional Requirement:</b> Subtract Minimum Required Funds (Row 28) from Current Assets (Row 22). If the number is negative, you must increase your funds by this amount. With your counselor, use the budget to determine how long it will take to save this amount, unless you can count on other funds such as a gift from a relative, tax return, etc.	\$3,000 MRF -\$3,354 Funds <hr/> -\$354 MRF Short	

## 30-Year Mortgage – Mortgage Amount Calculation – Single

Mort. Amt	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%
\$100,000	370	395	422	449	477	507	537	568	600	632	665
\$110,000	407	435	464	494	525	557	591	625	660	695	732
\$120,000	444	474	506	539	573	608	644	681	719	758	798
\$130,000	481	514	548	584	621	659	698	738	779	822	865
\$140,000	517	553	590	629	668	709	752	795	839	885	931
\$150,000	554	593	632	674	716	760	805	852	899	948	998
\$160,000	591	632	675	718	764	811	859	908	959	1011	1064
\$170,000	628	672	717	763	812	861	913	965	1019	1075	1131
\$180,000	665	711	759	808	859	912	966	1022	1079	1138	1198
\$190,000	702	751	801	853	907	963	1020	1079	1139	1201	1264
\$200,000	739	790	843	898	955	1013	1074	1136	1199	1264	1331
\$210,000	776	830	885	943	1003	1064	1127	1192	1259	1327	1397
\$220,000	813	869	928	988	1050	1115	1181	1249	1319	1391	1464
\$230,000	850	901	970	1033	1098	1165	1235	1306	1379	1454	1530
\$240,000	887	948	1012	1078	1146	1216	1288	1363	1439	1517	1597
\$250,000	924	988	1054	1123	1194	1267	1342	1419	1499	1580	1663
\$260,000	961	1027	1096	1168	1241	1317	1396	1476	1559	1643	1730
\$270,000	998	1067	1138	1212	1289	1368	1449	1533	1619	1707	1796
\$280,000	1035	1106	1181	1257	1337	1419	1503	1590	1679	1770	1863
\$290,000	1072	1146	1223	1302	1385	1469	1557	1647	1739	1833	1929
\$300,000	1109	1185	1265	1347	1432	1520	1610	1703	1799	1896	1996
\$310,000	1146	1225	1307	1392	1480	1571	1664	1760	1859	1959	2062
\$320,000	1183	1264	1349	1437	1528	1621	1718	1817	1919	2023	2129
\$330,000	1220	1304	1391	1482	1575	1672	1772	1874	1979	2086	2196
\$340,000	1257	1343	1433	1527	1623	1723	1825	1930	2038	2149	2262
\$350,000	1294	1383	1476	1572	1671	1773	1879	1987	2098	2212	2329
\$360,000	1331	1422	1518	1617	1719	1824	1933	2044	2158	2275	2395
\$370,000	1368	1462	1560	1661	1766	1875	1986	2101	2218	2339	2462
\$380,000	1405	1501	1602	1706	1814	1925	2040	2158	2278	2402	2528
\$390,000	1142	1541	1644	1751	1862	1976	2094	2214	2338	2465	2595
\$400,000	1478	1580	1686	1796	1910	2027	2147	2271	2398	2528	2661
\$410,000	1515	1620	1728	1841	1957	2077	2201	2328	2458	2591	2728
\$420,000	1552	1660	1771	1886	2005	2128	2255	2385	2518	2655	2794
\$430,000	1589	1699	1813	1931	2053	2179	2308	2441	2578	2718	2861
\$440,000	1626	1739	1855	1976	2101	2229	2362	2498	2638	2782	2927
\$450,000	1663	1778	1897	2021	2148	2280	2416	2555	2698	2844	2994
\$500,000	1848	1976	2108	2245	2387	2533	2684	2839	2998	3160	3326
\$550,000	2033	2173	2319	2470	2626	2787	2952	3123	3297	3476	3659
\$600,000	2218	2371	2530	2694	2864	3040	32211	3407	3597	3792	3992
\$650,000	2402	2568	2740	2919	3103	3293	3489	3691	3897	4108	4324
\$700,000	2587	2766	2951	3143	3342	3547	3758	3975	4197	4424	4657

## 15-Year Mortgage – Mortgage Amount Calculation - Single

Mort. Amt.	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%
\$100,000	598	621	644	667	691	715	740	765	791	817	844
\$110,000	658	683	708	733	760	786	814	841	870	988	928
\$120,000	718	745	722	800	829	858	888	918	949	981	1013
\$130,000	778	807	837	867	898	929	962	994	1028	1062	1097
\$140,000	838	869	901	934	967	1001	1036	1071	1107	1144	1181
\$150,000	898	931	965	1000	1036	1072	1110	1147	1186	1226	1266
\$160,000	958	993	1030	1067	1105	1144	1183	1224	1265	1307	1350
\$170,000	1017	1055	1094	1134	1174	1215	1257	1300	1344	1389	1435
\$180,000	1077	1117	1158	1200	1243	1287	1331	1377	1423	1471	1519
\$190,000	1137	1179	1223	1267	1312	1358	1405	1453	1503	1552	1603
\$200,000	1197	1241	1287	1334	1381	1430	1479	1530	1582	1634	1688
\$210,000	1257	1304	1351	1400	1450	1501	1553	1606	1661	1716	1772
\$220,000	1317	1366	1416	1467	1519	1573	1627	1683	1740	1798	1856
\$230,000	1377	1428	1480	1534	1588	1644	1701	1759	1819	1879	1941
\$240,000	1436	1490	1544	1600	1657	1716	1775	1836	1898	1961	2025
\$250,000	1496	1552	1609	1667	1726	1787	1849	1912	1977	2043	2110
\$260,000	1556	1614	1673	1734	1796	1859	1923	1989	2056	2124	2194
\$270,000	1616	1676	1737	1800	1865	1930	1997	2065	2135	2206	2278
\$280,000	1676	1738	1802	1867	1934	2002	2071	2142	2214	2288	2363
\$290,000	1736	1800	1866	1934	2003	2073	2145	2219	2293	2370	2447
\$300,000	1795	1862	1931	2000	2072	2145	2219	2295	2372	2451	2532
\$310,000	1855	1924	1995	2067	2141	2216	2293	2371	2451	2533	2616
\$320,000	1915	1986	2059	2134	2210	2288	2367	2448	2531	2615	2700
\$330,000	1975	2048	2124	2200	2279	2359	2441	2524	2610	2696	2785
\$340,000	2034	2111	2188	2267	2348	2431	2515	2601	2689	2778	2869
\$350,000	2095	2173	2252	2334	2417	2502	2589	2677	2768	2860	2953
\$360,000	2155	2235	2317	2400	2486	2574	2663	2754	2847	2941	3038
\$370,000	2214	2297	2381	2467	2555	2645	2737	2830	2926	3023	3122
\$380,000	2274	2359	2445	2534	2624	2717	2811	2907	3005	3105	3207
\$390,000	2334	2421	2510	2600	2693	2788	2885	2983	3083	3187	3291
\$400,000	2394	2483	2574	2667	2762	2860	2959	3060	3163	3268	3375
\$410,000	2454	2545	2638	2734	2831	2931	3033	3136	3242	3350	3460
\$420,000	2514	2607	2703	2801	2900	3003	3107	3213	3321	3432	3544
\$430,000	2574	2669	2767	2867	2969	3074	3181	3289	3400	3513	3629
\$440,000	2633	2731	2831	2934	3039	3145	3255	3366	3479	3595	3713
\$450,000	2693	2793	2896	3001	3108	3217	3329	3442	3559	3677	3797
\$500,000	2992	3104	3218	3334	3453	3574	3698	3825	3954	4085	4219
\$550,000	3292	3414	3539	3667	3798	3932	4068	4207	4349	4494	4641
\$600,000	3591	3724	3861	4001	4143	4289	4438	4509	4745	4902	5063
\$650,000	3809	4035	4183	4334	4489	4647	4808	4972	5140	5311	5485
\$700,000	4189	4345	4505	4668	4834	5004	5177	5355	5536	5720	5907